

11 JUL 1975

0675-1592

MEMORANDUM FOR: Legislative Counsel

SUBJECT: S.653 - GAO Audit of CIA

1. We have reviewed S.653 and your draft comment about it and have only a few suggestions to offer.

2. In the second paragraph on page 2 of your letter we suggest that the period after the words "wherever possible" be changed to a comma and there be inserted "and to subject confidential as well as vouchered funds to an internal audit which complies with the same principles and standards as are applied by the Comptroller General in auditing other agencies of the Government." The definition of vouchered funds in the parenthesis could be deleted but if retained should be restated as follows: "Vouchered funds are defined within CIA as those which are accounted for, and could be audited by external auditors, in conformance with the laws that apply to... and procedures."


3. We suggest that the first line at the top of page 3 be changed to read: "the revelation that non-Agency auditors over whom the Director exercises no administrative authority or direction could gain access to their names..." To make this point more explicitly we suggest the insertion of an additional paragraph immediately after the paragraph at the top of the page which ends with the words "and allegations about CIA activities." The new paragraph would say: "GAO auditors can be presumed to be just as loyal and trustworthy as CIA auditors, and can be granted security clearances with equal facility but they have no administrative or security responsibility to the Director of Central Intelligence. The DCI exercises no control over them which would permit him to meet his responsibility to

protect sources and methods. To the extent that external auditors, or any other persons not under the direction of the DCI, are granted unrestricted access to documents containing information about sources and methods, the Director will have lost control and his responsibility will have been abrogated. Preservation of that responsibility and the authority to meet it is vital to the effective performance of an intelligence organization."

4. Addition of the language suggested in paragraph 2 above makes unnecessary the last sentence of the penultimate paragraph of your draft memorandum, and we suggest it be deleted.

5. In the second sentence of the final paragraph at the end of the third line we suggest that the word "comply" be substituted for "comport." Finally, we suggest that the last sentence be reworded to say: "I must oppose any legislation, however, including S.653, which would open our most sensitive records to any additional unrestricted access not subject to the direct administrative control necessary to permit anyone holding the Office of Director Central Intelligence to meet his responsibility to protect intelligence sources and methods, a responsibility created by Congress to enable us to carry our basic mission."

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JOHN D. IAMS  
Comptroller